# European Energy A/S

## Interim Financial Report

### First quarter 2015

# European Energy Group

## Financial Review for Q1 2015

This quarterly report is the first financial report made using IFRS. All figures for the Group has at the adoption date January 1st 2014 been converted to IFRS. At the end of the report there is tables showing the remeasurements done according to IFRS 1.

| EUR'000 | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| **Key figures** | | | |
| Revenue | 3,971 | 2,600 | 61,038 |
| Direct costs | -1,051 | -1,031 | -44,931 |
| Gross profit | 2,920 | 1,569 | 16,108 |
| EBITDA | 1,501 | 175 | 10,695 |
| Operating profit | 1,128 | -229 | 9,097 |
| Loss from financial income and expense | -610 | -874 | -4,899 |
| Profit/loss before tax | 518 | -1,103 | 4,198 |
| Tax | 37 | 324 | -468 |
| **The Group's share of profit for the year** | **555** | **-779** | **3,730** |
| | | | |
| Total assets | 208,296 | 167,221 | 201,802 |
| **Equity** | **57,710** | **52,802** | **57,437** |
| | | | |
| Cash flows from operating activities | -8,362 | 1,025 | -7,082 |
| Net cash flows from investing activities | -86 | -2,300 | -3,538 |
| Cash flows from financing activities | 7,388 | 20,357 | 18.672 |
| **Total cash flows** | **-1,060** | **19,082** | **8,052** |
| | | | |
| **Financial ratios** | | | |
| Gross margin | 73,5% | 60,3% | 26,4% |
| Operating margin | 28,4% | -8,8% | 14,9% |
| Equity ratio | 27,7% | 31,6% | 28,5% |
| Return on equity | 9,6% | -1,5% | 6,7% |
| | | | |
| Average number of full-time employees | 51 | 42 | 46 |

## Positive development in financials for the Group in Q1 2015

Revenue in operating activities came in at EUR 2,9m, EUR 0,8m or 40% above last year.
The sale of power compared to Q1 2014 has been lower due to fewer consolidated companies in the group. The increase in revenue is due to the recognition of revenue from construction activities. For more info about the accounting principles for revenue recognition please look into disclosure 1.1. and the description in the Business model section.

Revenue in Wind ended up at EUR 1,8m. Total revenue 2014 amounted to EUR 10,9m.
The sale of electricity for the Group is considerable less due to less consolidated companies, as well as there has been no sale of wind energy plants in Q1 2015. The revenue Q1 2015 in greater parts relates to the recognition of revenue coming from the ongoing construction of 2 wind power plants in Denmark.

Revenue in Solar ended up at EUR 1,2m. Total revenue 2014 amounted to EUR 49,0m.

The revenue in Q1 2015 only relates to sale of electricity since there has been no sale of power plants in the quarter, and the ongoing construction of 2 UK power plants has not yet lead to any additional revenue recognitions.

Q1 Operating Profit came in at EUR 1,1m, EUR 1,3m above last year as a consequence of the very good wind conditions in Q1 2015, resulting in EUR 0,8m in revenue from equity accounted investments. Also the recognition of the adjustment to fair value of Sieben Null GmbH KG & Co. KG resulted in positive contribution to other income of EUR 0,3m. The company was according to IFRS 10 concluded not to be part of the consolidation from 1.January 2015 due to the change of its General Partner from a Group controlled company to a Joint Venture company.

The net financial income was with EUR 0,6m EUR 0,3m better than last year. This is due to the recognition of EUR 0,7m of unrealized currency gains from the receivable in British pounds regarding the sale of two UK based solar energy plants. Apart from this the financial costs were higher than last year due to the bond loan of EUR 45m was issued in March last year, but in Q1 2015 the interest is for the full quarter.

Profit before tax ended up at EUR 0,5m, EUR 1,6m above last year.

The Tax for the period ended in a plus of EUR 37. It should be taken into consideration that “profit before tax” includes the “profit after tax from equity accounted investments”.

## Equity accounted investments:

The majorty of the joint ventures and associates of the group are operational selling electricity from either wind power or solar power. All of these have in Q1 delivered good positive results after tax. The wind power companies has profited from a very good wind quarter and the solar power company in Spain, Beniarbeig, has due to the new system for paying out subsidies in Spain, recognized the revenue based less upon the actual produced power, and more on the even monthly revenue split which the Spanish government has initiated. This of course benefits the recognized revenue in the less sunny winter quarter.
Especially we are very satisfied with the revenue from our Italian and Bulgarian wind assets, but also Germany has been performing very well.
In disclosure 2.5 we have selected the most important operational associates and shown key figures from the PL and balance sheet.

## Full-year expectations 2015

Sale of electrical power from our operational assets is expected to be similar to 2014. Divestments of projects and project rights are expected to generate a profit at least equal to 2014.

# Management Review Q1 2015

## Divestment of Power Generating Assets
There have been no divestments of power generating assets in Q1 2015.

## Sale of Electrical Power
By the end of Q1 2015, our gross portfolio of power generating assets amounted to 362.9 MW of which 123.8 MW was owned by European Energy Group and the rest by investors and partners. Wind technology comprised 92% of our operational asset capacity, while the remaining 8% was in solar PV. The majority of our assets (82%) are located in Germany. The rest of our power generating assets are found in Denmark, Italy, Bulgaria and Spain.

| Technology/Country | Gross capacity [MW] | Net capacity [MW] | Gross production [GWh] | Net production [GWh] |
|---|---|---|---|---|
| **Solar PV** | **15,1** | **10,4** | **4,3** | **2,8** |
| Denmark | 2,4 | 2,4 | 0,3 | 0,3 |
| Italy | 1,0 | 0,5 | 0,3 | 0,1 |
| Spain | 11,7 | 7,5 | 3,7 | 2,4 |
| **Wind** | **347,8** | **113,4** | **184,5** | **58,1** |
| Bulgaria | 14,4 | 6,2 | 10,2 | 4,7 |
| Germany | 299,8 | 101,3 | 152,7 | 49,6 |
| Italy | 33,6 | 5,9 | 21,6 | 3,8 |
| **Grand Total** | **362,9** | **123,8** | **188,8** | **60,9** |

The total production in Q1 2015 of our power generating assets amounted to 60.9 GWh (up from 58.3 GWh in Q1 2014) corresponding to an increase of 2.6 GWh (4%) as compared to Q1 2014. The gross production amounted to 188.8 GWh.

### Solar PV
The total realised solar PV electrical power production in Q1 2015 was 101% of the expected production. The solar PV electrical power production compared to budget per country was:

- Denmark: 98%
- Italy: 100%
- Spain: 102%

### Wind
The total realised wind electrical power production was 95% of the expected production. The wind electrical power production compared to budget per country was:

- Bulgaria: 95%
- Germany: 92%
- Italy: 128%

Power prices have generally been low in in the first quarter of 2015 and will probably remain at the same level during the year. Due to PPAs and long-term subsidies, low power prices will have a limited effect on our profit from the sale of electrical power.

## Asset Management

Assets managed on behalf of third parties comprised 45 MW in Q1 2015. European Energy receives commercial management fees in exchange for our services.

## Activities

2015 has started with a strong focus on our late stage projects in a number of our markets as well as on our near-shore projects.

### The UK

The most significant contributor to the profit of 2014 arose from the sale of the two PV farms in the UK; Llwyndu (8 MWp) and Trowbridge (20 MWp). In 2015 both of the projects were grid connected and commissioned. The PV farms are now being prepared for provisional acceptance test. The financial close of both of the projects is expected to be in Q2 2015.

In Q1 2015, we have received building permits for four UK-based solar PV farms. Due to uncertainty of which level of subsidy the farms will receive, final decision of which farms to construct has not yet been taken. The sale of the first 28 MW has proven the interest for UK solar PV projects and we have an ongoing dialogue with potential investors for our next PV projects.

### Denmark

Our Danish onshore wind projects have progressed satisfactorily throughout the first quarter of 2015. The project financing of a 38 MW project has been finalized and the turbines ordered. Our 9.9 MW project St. Røttinge, consisting of 3 Vestas V117 turbines, has progressed well and is expected to go into commercial operation in Q2 2015. Two of the turbines have already been sold and financial close is expected in Q2 2015.
For our Danish solar PV farms the Danish regulatory framework for solar PV enacted in 2013 has entered into force in February 2015. However, the consequences for our Danish solar PV farms still remain unresolved. We expect to have received a decision from the authorities in Q2 2015.

### Germany

Germany continues to be an important market for European Energy. In Q1 2015 several of our development projects have progressed significantly. We are negotiation the purchase of five turbines for two smaller projects. Furthermore, we have started the construction of a new turbine. Financing terms are quite attractive for long-term investors, which stimulates the demand for projects.

### Near-shore

In the first half of 2014 we obtained pre-investigation permits from the Danish Energy Agency for two of the six project sites under the Danish Open Door program that EE has exclusivity for. The sites - Omø South and the Jammerland Bay - have a combined capacity of up to 560 MW and two international investors participate in the co-development for each of the sites. We expect to obtain the building permits in late 2015 or beginning of 2016. Currently the project team is in close dialogue with potential suppliers and partners

### Nordic Power Partners

The projects in the pipeline of Nordic Power Partners have developed as expected in Q1 2015. Most of the projects are in the early development stage. However, two of the projects are close to be ready-to-build projects.

## Value creation and costs in our business model

With the completion of each of the planning and development phases, the amount of our investment increases and at the same time so does the likelihood that the project in planning will be successfully completed. The amount of capital invested in the beginning phases is substantially lower than the amount of capital invested in the construction phases.

We aim to keep the costs as low as possible in the initial planning stages as there are substantial risks, which may prevent the project from being developed successfully. As our energy farms projects move through the development process the chances of success improve, which in turn enhances the value of the project. By the time the project has reached the planned stage all of the important preliminary investigations regarding feasibility and economic efficiency have been concluded which greatly improve the chances that the project will be successfully concluded.

The European Energy Group achieves the greater part of its value creation in the stages of project development through permitting and up to the point of being ready to construct.. In the case of an onshore project approximately 90 percent of the value is created during the stages up to the actual construction, whilst only about 10 percent is attributable to the actual construction.
Lower margins are obtained in the final phase of the development of an energy farm project and this part only contributes marginally to the value created by European Energy Group, even though this stage requires by far the highest level of investments.

## Consolidated statement of comprehensive income

For the quarter ended 31 March 2015

| Note | Unaudited<br>EUR'000 | 31.03.2015 | 31.03.2014 | 31.12.2014 |
|---|---|---|---|---|
| 1,1 | Revenue | 2.901 | 2.074 | 60.566 |
| 1,1 | Profit after tax from equity accounted investments | 782 | 526 | 473 |
| 1,1 | Other income | 288 | - | - |
| 1,1 | Direct costs | -1.051 | -1.031 | -44.931 |
| | Gross profit | 2.920 | 1.569 | 16.108 |
| 4,2 | Staff costs | -947 | -944 | -3.471 |
| 4,3 | Other external costs | -472 | -450 | -1.942 |
| 2,3 | Depreciation & impairment | -373 | -404 | -1.598 |
| | **Operating profit** | 1.128 | -229 | 9.097 |
| 3,2 | Finance income | 833 | 290 | 1.024 |
| 3,2 | Finance expenses | -1.443 | -1.164 | -5.923 |
| | **Profit/loss before tax** | 518 | -1.103 | 4.198 |
| 4,1 | Tax | 37 | 324 | -468 |
| | **Profit/loss for the period** | 555 | -779 | 3.730 |
| | **Attributable to:** | | | |
| | Shareholders of the Company | 599 | -731 | 3.568 |
| | Non-controlling interests | -44 | -48 | 162 |
| | **Profit/loss for the period** | 555 | -779 | 3.730 |
| | **Statement of comprehensive income** | | | |
| | **Profit/loss for the period** | 555 | -779 | 3.730 |
| | *Items that may be reclassified to profit or loss* | | | |
| | Other comprehensive income of equity accounted investments net of tax | | - | |
| | Value adjustments of hedging instruments transferred to profit or loss | - | - | - |
| | Value adjustments of hedging instruments, net of tax | - | 145 | -331 |
| | Exchange differences on translating foreign operations, net tax | -46 | 32 | 113 |
| | **Other comprehensive income for the period, net of tax** | -46 | 177 | -218 |
| | **Comprehensive income for the period** | 509 | -602 | 3.512 |
| | **Attributable to:** | | | |
| | Shareholders of the Company | 554 | -626 | 3.323 |
| | Non-controlling interests | -45 | 24 | 189 |
| | **Comprehensive income for the period** | 509 | -602 | 3.512 |

## Consolidated statement of financial position

As of 31 March 2015

| Note | Unaudited<br>EUR'000 | 31.03.2015 | 31.03.2014 | 31.12.2014 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| | **Non-current assets** | | | |
| | Goodwill | 195 | 229 | 199 |
| 2,3 | Property, Plant and equipment | 48.567 | 52.656 | 51.440 |
| 2,5 | Equity accounted investments | 17.429 | 15.822 | 16.099 |
| 2,6 | Other investments | 3.587 | 3.263 | 3.551 |
| | Loans to related parties | 15.448 | 16.880 | 16.322 |
| 3,2 | Trade receivables | 10.235 | 12.461 | 6.689 |
| 3,2 | Other receivables | 9.232 | 8.340 | 8.394 |
| 4,1 | Deferred tax | 6.401 | 5.475 | 5.507 |
| | **Total non-current assets** | 111.094 | 115.126 | 108.201 |
| | | | | |
| | **Current assets** | | | |
| 2,4 | Inventories/project portfolio | 19.588 | 10.793 | 12.585 |
| 3,2 | Trade receivables | 62.381 | 14.449 | 63.596 |
| 3,2 | Other receivables | 2.207 | 2.277 | 3.452 |
| | Prepayments | 758 | 218 | 640 |
| | Cash and cash equivalents | 12.268 | 24.358 | 13.328 |
| | **Total current assets** | 97.202 | 52.095 | 93.601 |
| | **TOTAL ASSETS** | 208.296 | 167.221 | 201.802 |

## Consolidated statement of financial position

As of 31 March 2015

| Note | Unaudited<br>EUR'000 | 31.03.2015 | 31.03.2014 | 31.12.2014 |
|---|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | Share capital | 1.340 | 1.340 | 1.340 |
| | Share premium | | | |
| | Reserves | | | |
| | Retained earnings | 54.105 | 49.602 | 53.551 |
| | Equity attributable to owners of the Company | 55.445 | 50.942 | 54.891 |
| | Non-controlling interests | 2.265 | 1.860 | 2.546 |
| | **Total Equity** | 57.710 | 52.802 | 57.437 |
| | | | | |
| | **Liabilities** | | | |
| 3,1 | Liabilities related to the issue of bonds | 51.826 | 51.719 | 51.750 |
| 3,1 | Project financing | 39.532 | 38.441 | 34.948 |
| | Other debt regardig project portfolio | - | 198 | - |
| | Other debt to credit institutions | - | 21 | - |
| | Other debt relating to the acquisition of companies | 1.706 | 4.420 | 1.991 |
| 4,1 | Deferred tax | 1.933 | 1.176 | 1.134 |
| | Total non-current liabilities | 94.997 | 95.975 | 89.823 |
| | | | | |
| 3,1 | Credit institutions | 4.321 | 2.187 | 3.898 |
| | Other debt relating to the acquisition of companies | 6.348 | 3.633 | 5.534 |
| | Trade payables | 34.136 | 2.899 | 34.785 |
| | Payables to related parties | 57 | 170 | 57 |
| | Corporation Tax | 1.579 | 1.683 | 1.551 |
| | Other payables | 9.148 | 7.872 | 8.717 |
| | Total current liabilities | 55.589 | 18.444 | 54.542 |
| | **Total liabilities** | 150.586 | 114.419 | 144.365 |
| | **TOTAL EQUITY AND LIABILITIES** | 208.296 | 167.221 | 201.802 |

# Consolidated statement of cash flows

For the period ended 31 March 2015

| Unaudited<br>EUR'000 | 31.03.2015 | 31.03.2014 | 31.12.2014 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit/loss before tax | 518 | -1.103 | 4.194 |
| | | | |
| Adjustments for: | | | |
| Financial income | -833 | -290 | -1.024 |
| Financial Expenses | 1.443 | 1.164 | 5.923 |
| Depreciations | 373 | 792 | 1.931 |
| Other non-cash movements | -692 | -526 | -469 |
| Change in networking capital | -8.616 | 3.544 | -11.184 |
| Other non-cash items 1) | -15 | -1.778 | -1.289 |
| | -7.822 | 1.803 | -1.918 |
| Dividends received | | | |
| Taxes paid | -6 | -6 | -806 |
| Interest paid | -1.367 | -1.062 | -5.382 |
| Interest received | 833 | 290 | 1.024 |
| **Cash flow from operating activities** | -8.362 | 1.025 | -7.082 |
| | | | |
| **Cash flow from investing activities** | | | |
| Purchase of intangible assets and property, plants and equipment | -236 | -236 | -1.893 |
| Purchase of other investments | - | - | -919 |
| Proceeds from disposal of subsidiaries, equity accounted investments | - | - | 963 |
| Proceeds from sale of other investments | - | 172 | |
| Investment/loans in equity accounted investments | 150 | -2.236 | -1.689 |
| Dividends | - | - | - |
| **Net cash flow from investing activities** | -86 | -2.300 | -3.538 |
| | | | |
| **Cash flow from financing activities** | | | |
| Proceeds from issue of bonds | - | 45.000 | 45.000 |
| Transaction costs regarding bond issue | - | -900 | -1.071 |
| Proceeds from borrowings | 8.415 | - | 567 |
| Repayment of borrowings | -1.027 | -23.800 | -26.169 |
| Changes in payables to associates | - | 57 | -44 |
| Non controlling interests share of capital increase in subsidiary | - | - | 389 |
| Other Transactions with owners | - | - | - |
| **Cash flow from financing activities** | 7.388 | 20.357 | 18.672 |
| | | | |
| **Change in cash and cash equivalents** | -1.060 | 19.082 | 8.052 |
| | | | |
| Cash and cash equivalents at 1 January | 13.328 | 5.276 | 5.276 |
| Foreign exchange adjustments of cash and cash equivalents | - | - | - |
| **Cash and cash equivalents end of period** | 12.268 | 24.358 | 13.328 |
| Of which restricted cash and cash equivalents | - | - | - |
| **Non-restricted cash and cash equivalents end of period** | 12.268 | 24.358 | 13.328 |

1) The non-cash items in Q1 2014 is the transfer of project portfolio to an equity accounted investments in the company SWEPOL.
The non-cash item for FY 2014 is the SWEPOL correction plus the part of a intercompany elimination regarding sale of project portfolio to and equity accounted investment.

## Consolidated statement of changes in equity

As of 31 March 2015

**Unaudited**

| EUR'000 | Share capital | Trans-lation reserve | Hedging reserve | Reserves | Total | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|
| **Equity at 1 January 2014** | 1.340 | - | -662 | 50.890 | 51.568 | 1.836 | 53.404 |
| Profit/loss for the period | - | - | - | -731 | -731 | -48 | -779 |
| Total other comprehensive income | - | 32 | 145 | -72 | 105 | 72 | 177 |
| Total comprehensive income | - | 32 | 145 | -803 | -626 | 24 | -602 |
| *Transactions with owners:* | | | | | | | |
| Change of ownership interest with non-controlling interest | - | - | - | - | - | - | - |
| Distributed dividends | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - | - | - |
| **Equity at 31 March 2014** | 1.340 | 32 | -517 | 50.087 | 50.942 | 1.860 | 52.802 |
| | | | | | | | |
| **Equity at 1 January 2014** | 1.340 | - | -662 | 50.890 | 51.568 | 1.836 | 53.404 |
| Profit/loss for the year | - | | | 3.568 | 3.568 | 162 | 3.730 |
| Total other comprehensive income | - | 113 | -331 | -27 | -245 | 27 | -218 |
| Total comprehensive income | - | 113 | -331 | 3.541 | 3.323 | 189 | 3.512 |
| *Transactions with owners:* | | | | | | | |
| Change of ownership interest with non-controlling interest | - | - | - | - | - | 521 | 521 |
| Distributed dividends | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - | 521 | 521 |
| **Equity at 31 December 2014** | 1.340 | 113 | -993 | 54.431 | 54.891 | 2.546 | 57.437 |
| **Equity at 1 January 2015** | 1.340 | 113 | -993 | 54.431 | 54.891 | 2.546 | 57.437 |
| Profit/loss for the period | - | - | - | 599 | 599 | -44 | 555 |
| Total other comprehensive income | - | -45 | - | - | -45 | -1 | -46 |
| Total comprehensive income | - | -45 | - | 599 | 554 | -45 | 509 |
| *Transactions with owners:* | | | | | | | |
| Change of ownership interest with non-controlling interest | - | - | - | - | - | -236 | -236 |
| Distributed dividends | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - | -236 | -236 |
| **Equity at 31 March 2015** | 1.340 | 68 | -993 | 55.030 | 55.445 | 2.265 | 57.710 |

The share capital consists of nom. 10,000,000 shares of DKK 1 each, corresponding to EUR 1,340 thousand.
The share capital has remained unchanged for the last 5 years. The share capital is fully paid in.

**General information**

The Condensed interim consolidated financial statements comprise the parent company European Energy A/S and its subsidiaries (the Group) for the three month period ended 31 March 2015. The Group's main operations comprise project development , financing, construction, sales and acquisition as well as management of wind and solar energy farms. Our geographical focus is on Northern European markets.

The parent company is a limited liability company incorporated and domiciled in Denmark. The address of its registered office is Gyngemose Parkvej 50, Dk-2860 Søborg.
Corporate bonds issued by the parent company are listed on NASDAQ OMX Stockholm.
On 29 May 2015, the Board of Directors approved these interim consolidated financial statements.

**Basis for preparation**

These interim consolidated financial statements for the three months ended 31 March 2015 are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' using International Financial Reporting Standards as adopted by the European Union ('IFRS') and additional Danish disclosure requirements for listed companies.

These are European Energy's first published IFRS interim consolidated financial statements and include as comparative information the period included in European Energy's annual consolidated financial statements for the year ended 31 December 2014, which for comparative purposes, have been prepared in accordance with IFRS. Previously, European Energy prepared its annual consolidated financial statements in accordance with the Danish Financial Statement Act ('Danish GAAP').

European Energy has elected to exceed certain minimum disclosure requirements under IAS 34 in order to present changes in accounting policies in accordance with IFRS and provide additional disclosures which highlight changes from European Energy's 2014 annual consolidated financial statements prepared in accordance with Danish GAAP. In subsequent interim consolidated financial statements, European Energy may not provide the same level of detail in the interim financial statements. The impact of the transition to IFRS from Danish GAAP and information on how the Group has adopted IFRS is disclosed in the note below related to Reconciliation from previous GAAP to IFRS. The interim consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial instruments classified as available for sale that have been measured at fair value.

The interim consolidated financial statements are presented in EUR, and all values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

**Basis of consolidation**

The interim consolidated financial statements comprise the financial statements of European Energy A/S and entities controlled by European Energy A/S. Control is achieved when the Group has the power to direct the relevant activities of an entity, is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are fully eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Non-controlling interests are the portion of income and net assets of a non-wholly owned subsidiary that accrues to owners other than the shareholders of European Energy A/S. The non-controlling interest share of earnings is included in the Group's recognised profit and the share of net assets is included in the Group's equity.

**Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

### Foreign currency translation

### Functional currency and presentation currency

The Group determines a functional currency for each reporting entity in the Group. The functional currency is the currency used in the primary financial environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are foreign exchange transactions. The functional currency of the parent company is DKK, but out of consideration for the Group's international relations the consolidated financial statements are presented in euro (EUR).

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Foreign currency translation adjustments arising on settlement of such transactions and from translation at year-end exchange rates of monetary items denominated in foreign currencies are recognised in profit or loss under financial income or financial expenses.

### Translation to the presentation currency

For entities with a functional currency other than EUR, all assets and liabilities are translated to the presentation currency based on the EUR exchange rate at the balance sheet date. Income and expenses and other comprehensive income are translated at the rate at the date of the transaction or an approximate average rate. All resulting exchange rate differences are recognised in other comprehensive income.

**Accounting Policy**

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or to be received, net of discounts, rebates, and sales taxes or duty and recognised to the extent that it is probable that the economic benefits will flow to the Group and it can be reliably measured. Sales are recognised as income at the time of delivery or the provision of the service at the customer' premises. The realisation of revenues for long term construction contracts is explained below.

Our primary source of income is the divestment of wind or solar energy farms. The sale of electricity power and asset management also contribute to our annual income.

The revenue derived from the divestment of wind and solar farms depends on whether the project is divested before, during or after construction. Where construction has been initiated, the construction risk is reflected in both the revenue as the direct costs.

**Sale of electricity**

Revenue from the sale of produced electricity is recognised in the income statement at the amount paid or to be paid by the purchaser as the electricity is generated and supplied to the purchaser's network, provided that the electricity generation has taken place before year end.

**Asset management**

Revenue from the sale of services is recognised in the Income Statement as the services are provided and in accordance with agreements entered into.

**Other income**

Other income comprises income from sale of associates and other investment related to energy plants, dividends receivable from investments in energy plants.

Gains and losses from sale of equity accounted investments and other investments are calculated as the difference between the sales price and the carrying amount of the investment at the date of disposal and transaction costs.

**Dividends**

Dividends from other investments are recognised as other income, when it has been declared and the Group has the right to receive it.

**Direct costs**

Direct costs comprise costs incurred in generating the revenue for the year.

On disposal of energy projects placed in independent legal entities, direct costs comprise the carrying amount of the equity investment disposed of plus costs directly related to the disposal.
Direct costs comprise operating costs related to constructed and operating energy farms.

**1.1 Segment information**

Operating segments are recognised in the manner that corresponds to the internal reporting to the chief operating decision maker (‘CODM’). The CODM is the function that is responsible for allocating the Group’s resources and assessing the performance of the operating segments. The Group’s CODM has been identified as the Board of Directors. European Energy’s segments comprise:

- Wind
- Solar

Segment information has been prepared in accordance with the Group accounting policies. Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment on a reliable basis.

**Unaudited**

| **EUR'000** | **Wind** | **Solar** | **Un allocated** | **Adjustments and eliminations** | **Q1 2015 Group** |
|---|---|---|---|---|---|
| Sale of energy farms and projects | - | - | - | - | - |
| Sale electricity | 26 | 1.243 | - | - | 1.269 |
| Construction | 1.280 | - | - | - | 1.280 |
| Asset management | 177 | - | - | - | 177 |
| ***Revenue to external customers*** | 1.483 | 1.243 | - | - | 2.726 |
| *Inter-segment revenue* | 285 | - | - | -110 | 175 |
| **Revenue** | 1.768 | 1.243 | - | -110 | 2.901 |
| Profit after tax from shares in equity accounted investments | 777 | 5 | - | - | 782 |
| Other Income | 288 | - | - | - | 288 |
| Depreciation | -6 | -355 | -12 | - | -373 |
| **Segment profit (Operating profit)** | 1.506 | 672 | -959 | - | 1.219 |

| 1.1 Segment information (continued) EUR'000 | Wind | Solar | Un allocated | Adjustments and eliminations | 2014 Group |
|---|---|---|---|---|---|
| Sale of energy farms and projects | 10.087 | 42.980 | | -509 | 52.558 |
| Sale electricity | 627 | 5.983 | | | 6.610 |
| Construction | | | | | - |
| Asset management | 211 | | | | 211 |
| ***Revenue to external customers*** | 10.925 | 48.963 | - | -509 | 59.379 |
| *Inter-segment revenue* | 3.278 | | | -2.091 | 1.187 |
| **Revenue** | 14.203 | 48.963 | - | -2.600 | 60.566 |
| Profit after tax from shares in equity accou | 245 | 228 | | | 473 |
| Other Income | | | | | - |
| Depreciation | -165 | -1.374 | -59 | | -1.598 |
| [Impairment of goodwill] | | | | | - |
| [Impairments on power plants] | | | | | - |
| [Impairments on doubtful receivables] | | | | | - |
| **Segment profit (Operating profit)** | 5.730 | 9.493 | -3.530 | -2.600 | 9.093 |

**Geographic information**

| | Revenue from external customers | |
|---|---|---|
| **EUR'000** | **Q1 2015** | **2014** |
| Denmark | 1.631 | 7.577 |
| Northern/middle Europe | 42 | 46.965 |
| South Europe | 1.228 | 6.024 |
| **Total revenue** | 2.901 | 60.566 |

**Impairment of non-current assets, including goodwill**

The carrying amount of goodwill is tested annually for impairment. Other non-current assets are tested for impairment when there is an indication that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction of an energy farm that takes more than twelve months to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

**Presentation of cash flow statement**

The consolidated cash flow statement shows the Group's cash flows from operating, investing and financing activities.

Cash flows from operating activities are determined using the indirect method and stated as the consolidated profit before tax adjusted for non-cash operating items including depreciations and impairment losses, provisions and changes in working capital, interest received and paid and corporation tax paid. Other non-cash items primarily comprise reversal of gain on disposal of non-current assets and reversal of share of profit (loss) from equity accounted investments.

Cash flow from investing activities comprises payments in connection with purchase and sale of non-current assets including energy farms classified as property, plant and equipment and equity accounted investments.

Cash flows from financing activities include proceeds from issuing bonds and draw downs and repayments on borrowings from credit institutions.

Cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

**Choice of accounting policies**

In addition to the accounting estimates made, it is the opinion of the Management of European Energy that in determining the accounting policies the following areas are significant to the interim report:

Revenue, including revenue recognition
Classification of interests in investees
Inventories/development projects
Impairment of property, plant and equipment
Write-down for bad debt losses on receivables
Deferred tax
Provisions and contingencies

**Accounting estimates**

Determining the carrying amount of certain assets and liabilities requires an estimate over how future events will affect the value of these assets and liabilities at the balance sheet date. Estimates, which are signifcant for the preparation of the interim report s, are i.e. made by making a computation of amortization, depreciation and impairment, useful lives and remaining useful lives of non-current assets, non-current liabilities, provisions and contingent assets and liabilities.
The estimates used are based on assumptions which by Management are assessed to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates.
The significant estimates and judgments which Management find material for the preparation and the understanding of the interim consolidated financial statements are described below:

**Inventories/development projects**

Inventories comprise energy farm projects in the course of development and construction as well as energy farms that have been developed with intention to sell and not retain for the purpose of generating revenue from the sale of electricity production.

Inventories are measured at the lower of cost and net realizable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated sale costs. Cost includes borrowing costs for long-term development and construction projects where the recognition criteria are met.

Proceeds received on the sale of trading energy farms are recognised within revenue.

Development projects are initially measured at cost. An impairment test is performed of the carrying amount of recognized development projects. The impairment test is based on assumptions regarding strategy, market conditions, discount rates and budgets etc. after the project has been completed and production has commenced. If market-related assumptions etc. are changed, development projects may have to be written down. Management examines and assesses the underlying assumptions when determining whether the carrying amount should be written down.

**Impairment of property, plant and equipment**

Determining whether property, plant and equipment is impaired requires a comparison of the recoverable amount with the carrying amount. The recoverable amount is determined as the net present value of the future cash flows expected to arise from the cash-generating unit to which goodwill is allocated. The recoverable amount is determined based on the discounted future cash flows expected from the cash-generating unit.

**Write-down for bad debt losses on receivables**

Receivables are measured at amortized cost less write-down for expected bad debt losses. European Energy performs write-downs for expected bad debt losses based on an individual assessment of each receivable. If a customer's financial condition deteriorates, and thus the ability to meet the financial obligation to European Energy , further write-downs may be required in future periods. In assessing the adequacy of write-downs for bad debt losses, Management specifically analyses receivables, including doubtful debts, concentrations of credit risk, credit ratings, current economic conditions and changes in customers' payment terms.
Based on actual losses incurred in the latest three years, uncertainties associated with write-down for bad debt losses are considered limited.

**Deferred Tax**

Management has made judgments in determining the Company's provisions for tax, deferred tax assets and deferred tax liabilities and the extent to which deferred tax assets are recognized. European Energy recognizes deferred tax assets only to the extent that it is probable that taxable profit will be available against which the temporary differences and unused tax losses can be utilized. Management has taken the future taxable profit into account in determining the recognition of deferred tax assets.

**Provisions and Contingencies**

The Company's Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or threatened lawsuits on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., Management bases its assessment on external legal assistance and decided cases.

## 2.3 Property, Plant and equipment

### Accounting policy

**Property, plant and equipment**

Property, plant and equipment comprises wind and solar energy farms , including those under construction, held by European Energy for use in production of electricity that are expected to be used for more than one period. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the energy farm if the recognition criteria for a provision are met and it is material. All other repair and maintenance costs are recognised in profit or loss as incurred.
Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

- Wind power generating assets (wind energy farms) - 25 years
- Solar power generating assets (solar energy farms) - 40 years
- Tools and equipment -3-5 years

The useful life is tested at every accounting period end and is adjusted as necessary. The residual value of an asset is considered when determining the depreciable amount of the asset.

The basis of depreciation is calculated with due consideration to the asset residual value, reduced by any impairment losses. The residual value is determined at the date of acquisition and revalued each year. When the residual value exceeds the carrying amount of the asset, the asset ceases to be depreciated.

If the depreciation period or the residual values are changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Gains and losses on disposal of property, plant and equipment is the difference between the sales proceeds and the carrying amount of the asset as at the date of disposal.

Gains or losses are recognized in the income statement in the period of disposal within other income or other expenses.

| EUR'000 | Assets in operation | | | Total |
|---|---|---|---|---|
| | Wind farms | Solar farms | Tools and equipm. | |
| Cost | | | | |
| Balance at 1 January 2014 | 6.902 | 54.970 | 667 | 62.539 |
| Transfers | | | | |
| Additions | | | 2 | 2 |
| Disposals | -6 | | | -6 |
| Effect of movements in exchange rates | | | | - |
| Cost at 31 March 2014 | 6.896 | 54.970 | 669 | 62.535 |
| Accumulated depreciation and impairment losses | | | | - |
| Balance at 1 January 2014 | -1.671 | -7.204 | -614 | -9.489 |
| Depreciation | -41 | -344 | -10 | -395 |
| Disposals | 6 | | | 6 |
| Accumulated dep/impairment at 31 March 2014 | -1.706 | -7.548 | -624 | -9.878 |
| Carrying amount at 31 March 2014 | 5.190 | 47.422 | 45 | 52.657 |
| Cost | | | | - |
| Balance at 1 January 2014 | 6.902 | 54.970 | 667 | 62.539 |
| Additions | 4.220 | 1.855 | 37 | 6.112 |
| Disposals | -6.992 | | -1 | -6.993 |
| Cost at 31 December 2014 | 4.130 | 56.825 | 703 | 61.658 |
| Accumulated depreciation and impairment losses | | | | - |
| Balance at 1 January 2015 | -1.671 | -7.204 | -614 | -9.489 |
| Depreciation | -165 | -1.374 | -42 | -1.581 |
| Disposals | 852 | | | 852 |
| Accumulated dep/impairment at 31 December 2014 | -984 | -8.578 | -656 | -10.218 |
| Carrying amount at 31 December 2014 | 3.146 | 48.247 | 47 | 51.440 |
| Cost | | | | - |
| Balance at 1 January 2015 | 4.130 | 56.825 | 703 | 61.658 |
| Transfers | -3.495 | - | - | -3.495 |
| Additions | | 190 | 46 | 236 |
| Cost at 31 March 2015 | 635 | 57.015 | 749 | 58.399 |
| Accumulated depreciation and impairment losses | | | | - |
| Balance at 1 January 2015 | -985 | -8.578 | -655 | -10.218 |
| Transfers | 754 | - | - | 754 |
| Depreciation | -6 | -355 | -7 | -368 |
| Accumulated dep/impairment at 31 March 2015 | -237 | -8.933 | -662 | -9.832 |
| Carrying amount at 31 March 2015 | 398 | 48.082 | 87 | 48.567 |

### 2.4 Inventories

Inventories comprise energy farm projects in the course of development and construction as well as energy farms that have been developed with intention to sell and not retain for the purpose of generating revenue from the sale of electricity production.

Inventories are measured at the lower of cost and net realizable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated sale costs. Cost includes borrowing costs for long-term development and construction projects where the recognition criteria are met.

Proceeds received on the sale of trading energy farms are recognised within revenue.

**Inventories**

| **Eur'000** | **Q1 2015** | **Q1 2014** | **2014** |
|---|---|---|---|
| *Under construction* | | | |
| Solar farms for sale | - | - | - |
| Wind farms for sale | 6.790 | 595 | 1.439 |
| | | | |
| *Under development* | | | |
| Solar farms for sale | 2.989 | 703 | 2.154 |
| Wind farms for sale | 9.809 | 9.495 | 8.992 |
| **Total inventory** | 19.588 | 10.793 | 12.585 |
| *Total solar farms* | 2.989 | 703 | 2.154 |
| *Total wind farms* | 16.599 | 10.090 | 10.431 |

**Change in inventories write-downs**

| EUR '000 | **Q1 2015** | **Q1 2014** | **2014** |
|---|---|---|---|
| Inventory write-downs at 1 January | -2.845 | -2.878 | -2.878 |
| Write-down for the year, addition | -100 | - | - |
| Write-down for the year, reversal | - | - | 183 |
| **Total inventory write-downs** | -2.945 | -2.878 | -2.695 |

**Amount of inventory recognised in profit or loss**

| EUR '000 | **Q1 2015** | **Q1 2014** | **2014** |
|---|---|---|---|
| Disposals | -382 | -227 | -6.949 |
| Net write-downs | - | 112 | 183 |
| **Total** | -382 | -115 | -6.766 |

### 2.5 Investments in equity accounted investments

**Accounting policy**
Investments in equity accounted investments comprise the Group's interests in associates and joint ventures.
Investments in associates and joint ventures relate to investments in wind and solar energy farms and are part of European Energy's core business.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The significant considerations and judgments made by Management to determine the classification is described under Critical choices and judgments in the accounting policies and critical accounting estimates. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or the joint venture since the acquisition date. Goodwill relating to the associate or the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or the joint venture, the Group does not recognise further losses, unless it has a legal or constructive obligation to cover a deficit.

Below is displayed the material associated companies and joint venture companies. The companies has been chosen from a perspective of which of the companies are material to the contribution of the revenue now and in the future for the Group. The two joint ventures chosen has very little or none revenue, where other joint ventures has delivered solid profit in the quarter. The reason why these two companies will be the ones where we give extra diclosureshas been chosen is because of the magnitude of the off shore projects is an important part for the future profit for the Group.

**Investments in equity accounted investments**

**Unaudited**

| **Eur'000** | Note | **Q1 2015** | **2014** |
|---|---|---|---|
| Investments in joint venture | 1.5.1 | 6.724 | 6.003 |
| investments in associates | 1.5.2 | 10.774 | 10.161 |
| Total | | 17.498 | 16.164 |

**2.5.1 Investments in associates**

**Disclosures about material associates**

Financial information for each of the European Energy's individually significant associates is corrected in respect of differences in accounting policies:

| **Unaudited** | **Q1 2015** | | | **2014** | | |
|---|---|---|---|---|---|---|
| | **Wriezener Höhe GmbH & Co. KG** | **Ottenhausen GmbH & Co.KG** | **Parco Eolico Carpinaccio Srl.** | **Wriezener Höhe GmbH & Co. KG** | **Ottenhausen GmbH & Co.KG** | **Parco Eolico Carpinaccio Srl.** |
| EUR'000 | **Germany** | **Germany** | **Italy** | **Germany** | **Germany** | **Italy** |
| Ownership [%] | 15% | 34,2% | 27% | 15% | 34,2% | 27% |
| *Comprehensive income statement* | | | | | | |
| Revenue | 2.372 | 919 | 1.205 | 7.519 | 2.338 | 3.731 |
| Profit for the year (continuing operations) | 693 | 351 | 400 | 1.120 | (79) | 656 |
| Other comprehensive income | | | | | | |
| Total comprehensive income | 693 | 351 | 400 | 1.120 | (79) | 656 |
| *Balance sheet* | | | | | | |
| Non-current assets | 37.785 | 16.388 | 23.340 | 38.395 | 16.618 | 23.598 |
| Current-assets | 6.407 | 1.753 | 92 | 4.533 | 1.620 | - |
| Non-current liabilities | 37.716 | 10.861 | 15.892 | 37.372 | 11.041 | 16.438 |
| Current liabilities | 2.065 | 2.261 | 400 | 1.833 | 2.529 | 419 |
| Equity | 4.411 | 5.019 | 7.140 | 3.723 | 4.668 | 6.741 |
| Attributable to non-controlling interests | 3.749 | 3.302 | 5.212 | 3.165 | 3.071 | 4.921 |
| Attributable to investee's share holder | 662 | 1.717 | 1.928 | 558 | 1.597 | 1.820 |
| European Energy's interest in the net assets of the investee at 1 January | 558 | 1.597 | 1.820 | 425 | 1.624 | 1.643 |
| Total comprehensive income attributable to European Energy | 104 | 120 | 108 | 133 | -27 | 177 |
| European Energy's interest in the net assets of the investee end of period | 662 | 1.717 | 1.928 | 558 | 1.597 | 1.820 |
| Goodwill | - | | 59 | - | | |
| Carrying amount of interest in investee end of period | 662 | 1.717 | 1.987 | 558 | 1.597 | 1.820 |

| EUR'000 | Q1 2015 | 2.014 |
|---|---|---|
| **Carrying amount of interests in immaterial associates** | | |
| **The Group's share of:** | | |
| Profit/loss for the year of continuing activities | 219 | 6 |
| Other comprehensive income | - | - |
| **Total comprehensive income** | 219 | 6 |

### 2.5.2 Investments in joint ventures

**Disclosures about materiel Joint ventures**

Financial information for each of the European Energy's individually significant Joint ventures is corrected in respect of differences in accounting policies:

| | Q1 2015 | | 2014 | |
|---|---|---|---|---|
| | **Jammerland Bay Nearshore A/S** | **Omø South Nearshore A/S** | **Jammerland Bay Nearshore A/S** | **Omø South Nearshore A/S** |
| EUR'000 | **Denmark** | **Denmark** | **Denmark** | **Denmark** |
| Ownership [%] | 50% | 50% | 50% | 50% |
| *Comprehensive income statement* | | | | |
| Revenue | | - | | - |
| Profit for the year (continuing operations) | -1 | 7 | 6 | -79 |
| Other comprehensive income | | - | | - |
| Total comprehensive income | -1 | 7 | 6 | -79 |
| Includes: | | | | |
| interest expense | - | | -5 | - |
| income tax | - | 2 | 2 | 22 |
| *Balance sheet* | | | | |
| Non-current assets | - | - | - | - |
| Current-assets | 3.633 | 1.242 | 3.761 | 746 |
| Non-current liabilities | - | 1.250 | - | 750 |
| Current liabilities | 4 | 10 | 131 | 7 |
| Equity | 3.629 | -18 | 3.630 | -11 |
| Includes: | | | | |
| cash and cash equivalents | 1.394 | 200 | 1.625 | 71 |
| non-current financial liabilities (excluding trade and other payables and provisions) | - | 1.250 | - | 750 |
| European Energy's interest in the net assets period start | 1.185 | -6 | 68 | 34 |
| Total comprehensive income attributable to European Energy | - | 4 | 3 | -40 |
| Capital raise during the year EE share | - | - | 1.744 | - |
| Dividend received during the year | | | | |
| European Energy's interest in the net assets of the investee end of period | 1.185 | -2 | 1.815 | -6 |
| Elimination of unrealised profit on downstream sales | - | - | -630 | - |
| Goodwill | | | | |
| Carrying amount of interest in investee end of period | 1.185 | -2 | 1.185 | -6 |

| EUR'000 | Q1 2015 | 2.014 |
|---|---|---|
| **Carrying amount of interests in immaterial joint ventures** | | |
| **The Group's share of:** | | |
| Profit/loss for the year of continuing activities | 228 | 217 |
| Other comprehensive income | - | - |
| **Total comprehensive income** | 228 | 217 |

### 2.6 Other investments in wind and solar farms

**Accounting policy**

**Other investments in energy farms.**

Other investments recognised under non-current assets relates to investments in wind and solar farms, where the Group does not have joint control or significant influence.

Other investments are classified as available for sale financial assets, which after initial measurement, available for sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income.

Any impairment loss is recognised in the income statement as financial expenses.

**Unaudited**

**Other investments**

| EUR'000 | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| Cost at 1 January | 3.551 | 3.263 | 3.263 |
| Additions for the year | 36 | | 296 |
| Disposal of year | | | -8 |
| **Cost at 31 March** | **3.587** | **3.263** | **3.551** |
| Impairments at 1 January | | | |
| Impairments during the year | | | |
| Reversal of Impairments | | | |
| **Impairments at 31 March** | **-** | **-** | **-** |
| **Other investments at 31 March** | **3.587** | **3.263** | **3.551** |
| The investments relates to: | | | |
| Investment related to Solar farms | 2 | 2 | 2 |
| Investments related to Wind farms | 3.585 | 3.261 | 3.549 |
| Dividend received from other investments | 19 | - | - |

**2.7 Receivables**

**Accounting Policy**

Receivables are measured at amortized cost less write-down for expected bad debt losses.
Write-down for expected bad debt losses is based on an individual assessment of each receivable.

Impairment losses relating to doubtful receivables

**Unaudited**

| EUR '000 | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| Impairment at 1 January | - | - | - |
| Impairment for the year | 448 | - | - |
| **Impairments end of period** | 448 | - | - |
| | | | |
| **Impairments relates to:** | | | |
| *Other receivable* | 448 | - | - |

| EUR '000 | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| **Exposure:** | | | |
| **Receivables** | 84.055 | 37.527 | 82.131 |
| Receivables not due | 82.599 | 37.297 | 81.522 |
| *Receivable past due, but not impaired:* | | | |
| 1-30 days | - | 78 | 477 |
| 31-90 days | 1.456 | 113 | |
| >90 days | - | 39 | 132 |
| **Total Receivables** | 84.055 | 37.527 | 82.131 |

**Credit risk**

Customer credit risk is managed by the management subject to the Group's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value.

### 2.9 Change in working capital

**Unaudited**

| EUR'000 | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| Trade receivables | -2.331 | 4.100 | -39.275 |
| Other receivable | 407 | 737 | -492 |
| Trade receivable from related parties | 0 | 0 | 0 |
| Inventories/project portfolio | -7.003 | 1.162 | -630 |
| Prepayments | 0 | -9 | -431 |
| Trade payables | -120 | -1.430 | 29.928 |
| Payables to related parties | 0 | 69 | -44 |
| Other payables | 431 | -1.085 | -240 |
| **Total change in working capital** | -8.616 | 3.544 | -11.184 |

## 3.1 Borrowings

**Accounting policy**
The Groups financial liabilities includes borrowings, trade payables and derivatives.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs. In subsequent periods, the financial liabilities are measured at amortised costs; any difference between the cost and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Loans and borrowings

This category includes bank overdraft, interest bearing loans and issued bonds.
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

**Unaudited**

| **EUR '000** | **Q1 2015** | **Q1 2014** | **2014** |
|---|---|---|---|
| Issued Bonds | 51.826 | 51.719 | 51.750 |
| Loans and credit facilities | 43.853 | 40.628 | 46.371 |
| **Total** | **95.679** | 92.347 | 98.121 |
| *Financial liabilities are recognised as follows in the balance sheet:* | | | |
| Non-current liabilities | 91.358 | 90.160 | 86.698 |
| Current liabilities | 4.321 | 2.187 | 3.898 |
| **Total** | **95.679** | **92.347** | **90.596** |

**Security for debt**
*Assets provided as security*
Wind and solar energy farms with a carrying amount of EUR 46m (2014; EUR 46m) were pledge as security for the Group's debt to Credit Institutions etc.

The debt amounted to EUR 35m, (2014 EUR 35m).

Investment in equity accounted investments with a carrying amount of EUR 2m (2014; EUR 2m) were pledge as security for second priority financing in German Limited Partnerships.

### 3.2 Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on other investments, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

**Unaudited**
**Finance income**

| EUR'000 | **Q1 2015** | Q1 2014 | 2014 |
|---|---|---|---|
| Interest income, on financial assets measured at amortised costs | 110 | 121 | 467 |
| Other financial income | 30 | 169 | 557 |
| Exchange gains | 693 | - | - |
| **Financial income** | **833** | **290** | **1.024** |

**Finance expenses**

| EUR'000 | **Q1 2015** | **Q1 2014** | **2014** |
|---|---|---|---|
| Interest on bonds | 934 | 339 | 3.236 |
| Finance expenses from financial liabilities measured at amortised cost | 530 | 760 | 2.520 |
| Financial expenses which has been capitalized on inventories | -139 | -77 | -398 |
| Amortisation of debt issue costs | 86 | 30 | 232 |
| Other financial expenses | 32 | 10 | 171 |
| Exchange losses | - | 102 | 162 |
| **Financial expenses** | **1.443** | **1.164** | **5.923** |

**3.3 Leases**

**Accounting policy**

Leases where substantially all risks and rewards are transferred to the Group are classified as finance leases. All other leases are operating leases.

Lease payments under operating leases are recognised in the income statement on straight-line basis over the term of the lease.

The Group has only leases classified as operating leases.

**Unaudited**
**Leasing**
**Operating lease commitments**
**Minimum lease payments:**

| **EUR'000** | **Q1 2015** | 2014 |
|---|---|---|
| 0-1 year | 190 | 187 |
| 1-5 years | 750 | 745 |
| After 5 years | - | - |
| **Total buildings** | **940** | **932** |

Operating leases have been recognised in the income statement for 2015 at the amount of EUR 81 thousands, where contingent rents constitute of EUR 81 thousands (2014: EUR 174 thousands where contingent rents constitute of EUR 174 thousands)

### 3.4 Related parties

**Ownership**

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

- European Energy Holding ApS, Gøngemose Parkvej 50, 2860 Søborg
- MDP Invest ApS, Vandstjernevej 36, 4600 Køge
- JPZ-Assistance ApS, Gøngemose Parkvej 50, 2860 Søborg

The Group is included in the consolidated financial statements of European Energy Holding ApS.

Related parties include, equity accounted investments as well as Executive Board, other key management and the Board of Directors and companies owned by these

**Related party transactions**

| EUR'000 | Q1 2015 | 2014 |
|---|---|---|
| Sale of services to group companies | 110 | 2.445 |
| Sale of services to associates | 175 | 1.800 |
| Sale of services to controlling parties | - | - |

**Loans to related parties**

| EUR'000 | Q1 2015 | 2014 |
|---|---|---|
| Loans to group companies | 43.717 | 35.983 |
| Loans to associates | 15.448 | 16.322 |

Transaction with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

Except as set out above, no transactions were made during the period with members of the Board of Directors, Board of Management, or any other related parties.

### 3.5 Contingent liabilities & assets and contractual agreements

**Accounting policy**
Contingent liabilities comprise probable liabilities which have not yet been confirmed and which may result in an outflow of the Groups resources or constructive liabilities which cannot be reliable measured.

**Contingent liabilities**
The Group is party in pending lawsuits regarding the Group's current operations. In Management's opinion, the outcome of these lawsuits will not affect the Group's financial position significantly besides the assets and liabilities recognized in the Group's balance sheet end of period.

**Contingent assets**

A number of Group Companies which own solar photovoltaic plants in Spain have dispatched a notice to the Spanish government under Article 26 of the Energy Charter Treaty, requesting the government to settle an alleged breach amicably. Should the dispute not be settled amicably, the Group companies may submit the dispute for resolution in accordance with the Energy Charter Treaty. The size of the claims has not yet been finally established but will likely be in the range of EUR 40 – 60 million. However, the anticipated financial impact on the Issuer will be less than the aggregate size of the claims should the companies be successful due to the substantial costs associated with arguing the case which could reach up to 30-40 % of the damages awarded. The notice to the Kingdom of Spain regarding the Group's lost revenue due to retroactive changes in the legislative system for solar PV is not booked as a contingent asset in the balance sheet at the end of the period.

**Contractual obligations**
The Company has provided an option for 1.5% of the shares in the Bulgarian companies Wind Energy OOD, Wind Power 2 OOD, Wind Stream OOD and Wind Systems OOD.

The parent company is jointly taxed with the Danish subsidiaries and the parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes, etc.

## 4.1 Tax

**Accounting Policy**
**Income tax**
Tax expense for the period includes current and deferred tax. Tax is recognized in the income statement, except when the tax relates to items recognized in other comprehensive income or directly in equity, in which case the tax is recognized in the other comprehensive income or directly in equity, respectively.
**Current income tax**
The parent company and its Danish subsidiaries are subject to the Danish rules on joint taxation.
The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income.
Companies with tax loss carry-forwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits (full absorption).
Current tax assets and tax liabilities for current or prior periods are recognized at the amounts expected to be received from or paid to the relevant tax authority.
The tax rate applied are those substantively enacted as at the balance sheet date.

**Deferred tax**
Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised to the extent that it is probable that future taxable income will be available against which the differences can be used;
either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets are reviewed at each reporting date and are only recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and tax liabilities are offset if a legal right to offset the current tax assets and current tax liabilities exists and the deferred tax is attributable to the same tax authority.

**Unaudited**

| EUR'000 | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| **Consolidated statement of profit or loss** | | | |
| *Current income tax:* | | | |
| Current income tax charge | -160 | 26 | 550 |
| Adjustments in respect of current tax in previous year | | | |
| *Deferred tax:* | | | |
| Relating to origination and reversal of temporary differences | 123 | -350 | -82 |
| Income tax expense recognised in the statement of profit or loss | -37 | -324 | 468 |
| **Consolidated statement of other comprehensive income** | | | |
| Deferred tax related to items recognised in other comprehensive income during the year | - | 58 | -98 |
| Deferred tax charged to other comprehensive income | - | 58 | -98 |

**Unaudited**

| Tax on other comprehensive income | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| Fair value adjustments of hedging instruments | - | 58 | -98 |
| Total | - | 58 | -98 |

**Unaudited**

**Deferred tax**

| EUR'000 | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| **Deferred tax can be specified as follows:** | | | |
| Deferred tax at 1 January | -4.373 | -4.128 | -4.128 |
| Deferred tax for the year recognised in the income statement | 123 | -350 | -82 |
| Deferred tax for the year recognised in other comprehensive income | - | 58 | -98 |
| Adjustments regarding prior years recognised in the income statement | -188 | -75 | -63 |
| Adjustements related to the change of control acc IFRS 10 | -40 | - | - |
| Adjustement relating to the disposal/purchase of equity accounted investments | 10 | 40 | -2 |
| Transferred to joint taxation contribution etc | - | 156 | - |
| **Deferred tax at 31 December** | **-4.468** | **-4.299** | **-4.373** |
| | | | |
| **Deferred tax is recognised as follows:** | | | |
| Deferred tax asset | -6.401 | -5.475 | -5.507 |
| Deferred tax liability | 1.933 | 1.176 | 1.134 |
| | **-4.468** | **-4.299** | **-4.373** |

**Deferred tax assets not recognised in the balance sheet**

| EUR'000 | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| Temporary differences | -6.401 | -5.475 | -5.507 |
| Tax assets not recognised | - | - | - |
| **Total** | -6.401 | -5.475 | -5.507 |

Deferred tax assets is sbustantially attributable to tax losses carried forward

Deferred tax liabillities is sbustantially attributable to temporary differences on vind and solar assets.

Please note that the group is not just taxed through the group companies, but also through the many tax transparent vehicles which is either recognized as Joint Ventures, associates or other investments.

**4.2 Staff costs**

**Unaudited**

| | Q1 2015 | Q1 2014 | 2014 |
|---|---|---|---|
| Wages, salaries and remuneration | 994 | 979 | 3.569 |
| Contributions to defined contribution plans | 9 | 5 | 28 |
| Other social security costs | 13 | 6 | 49 |
| Other staff cost | 56 | 44 | 185 |
| Capitalized salaries on inventories | -125 | -90 | -360 |
| **Total** | **947** | 944 | 3.471 |
| | | | |
| Average number of full time employees | 52 | 42 | 46 |
| Number of full times employees at end of period | 49 | 41 | 44 |

**4.4 Financial risks and financial instruments**
**Accounting policies**
Financial assets

Initial recognition and measurement

The Group's financial assets include cash and cash equivalents, trade and other receivables, loan and other receivables, unquoted financial instruments, and derivative financial instruments. Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, available for sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group has not designated any financial assets at fair value through profit or loss.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through income statement, the directly attributable transaction costs.

**Derivatives and hedge accounting**

Derivative financial instruments are measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

The effective portion of the change in fair value of derivative financial instruments, which are classified and qualifies as hedging of expected future transactions, is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any amounts deferred in equity are transferred to the income statement in the period in which the hedged item affects the income statement. Any ineffective portion of the fair value change is recognised immediately in the statement of profit or loss as financial expenses. If the hedging instrument expires or is sold or terminated or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Changes in the fair value of derivative financial instruments which do not meet the criteria of hedge accounting are recognised in financial income or financial expenses in the income statement.

**Financial risk management objectives and policies**
The Group's principal financial liabilities, other than derivatives, comprise of loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans to related parties, trade and other receivables, and cash and cash equivalent that derive directly from its operations. The Group also enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. Group management oversees the management of these risks including overseeing that the Group's financial risk activities are governed by the policies and procedures outlined by management and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

***Market risk***
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

**Foreign exchange risk:**
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's presentation currency and the Group's net investments in foreign subsidiaries.

When the nature of the hedge relationship is not an economic hedge, it is the Group's policy to negotiate the terms of the hedging derivatives to match the terms of the underlying hedge items to maximise hedge effectiveness. The Group hedges its exposure to fluctuations on the translation into euros of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps.

**Interest rate risk:**

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

**Liquidity risk:**

The Group monitors its risk to a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and bonds issue. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

### 4.5 Derivatives

**Fair value of financial instruments.**

The Group uses fair value for certain disclosures and measurement of financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either In the principal market for the asset or liability or In the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**Q1 2015**

| EUR '000 | Currency instruments | Interest Rate Swaps | Total |
|---|---|---|---|
| Contractual value | | 6.035 | |
| maturity 2026-06-15 | | - | 6.035 |
| Fair value | | 7.516 | 7.516 |
| Of which the ineffectiveness is recognised in the income statement | | - | - |
| Of which is recognised in the statement of other comprehensive income | | 1.379 | 1.379 |

**2014**

| EUR '000 | Currency instruments | Interest rate instruments | Total |
|---|---|---|---|
| Contractual value | | 6.035 | |
| maturity 2026-06-15 | | - | 6.035 |
| Fair value | | 7.516 | 7.516 |
| Of which the ineffectiveness is recognised in the income statement | | - | - |
| Of which is recognised in the statement of other comprehensive income | | 1.379 | 1.379 |

**Financial instruments by category**

| EUR'000 | Q1 2015 | 2014 |
|---|---|---|
| Loans to business partner for the acq of windparks in Germany | 5.920 | 5.920 |
| Loans to business partners for the acq of solar parks in Spain | 2.577 | 2.461 |
| **Total interest bearing receivable** | **8.497** | 8.381 |
| | | |
| Trade receivables | 72.616 | 70.285 |
| Other receivables (non interest bearing) | 2.942 | 3.465 |
| **Total non interest bearing receivable** | **75.558** | **73.750** |
| Cash and bank balances | 12.268 | 13.328 |
| **Total loan and receivables** | **96.323** | **95.459** |

| | Carrying amount | Fair value | Carrying amount | Fair value |
|---|---|---|---|---|
| **EUR'000** | **Q1 2015** | **Q1 2015** | **2014** | **2014** |
| Bank and other credit institutes | 43.853 | 43.853 | 34.948 | 34.948 |
| Issued bonds | 51.826 | 52.282 | 51.750 | 51.750 |
| **Borrowings** | **95.679** | **96.135** | **86.698** | **86.698** |
| | | | | |
| Trade payables | 42.190 | 42.190 | 42.310 | 42.310 |
| Other financial liabilities | 9.205 | 9.205 | 8.774 | 8.774 |
| **Total financial liabilities** | **147.074** | **147.530** | **137.782** | **137.782** |

Fair value of the issued bonds is equal to the listed bond price at balance sheet date.

#### 4.8 Events after the balance sheet date

There have not been any significant events after the balance sheet date.

**4.9 First-time adoption of IFRS**

These financial statements, for the period ended 31 March 2015, are the first the Group has prepared in accordance with IFRS as adopted by EU. For periods up to and including the year ended 31 December 2014, the Group prepared its financial statements in accordance with the Danish Financial Statements Act, Danish generally accepted accounting practice (Danish GAAP).
Accordingly, the Group has prepared financial statements which comply with IFRS as adopted by EU applicable for periods ending on or after 31 December 2014, together with the comparative period data at and for the year ended 31 December 2014. In preparing these financial statements, the Group's opening statement of financial position was prepared at 1 January 2014, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Danish GAAP statement of financial position at 1 January 2014 and its previously published Danish GAAP financial statements at and for the year ended 31 December 2014.

We have worked on the International Financial Reporting standard (IFRS) conversion project, initiated by the listing of our bonds. As part of the IFRS implementation we have reviewed a significant number of companies and hundreds of contracts in order to establish a total overview of the implications of IFRS 10 (control), IFRS 11 (Joint Arrangements) and IAS 17 (Leasing Arrangements). The first IFRS report is for Q1 2015 and issued end of May 2015.

Exemptions applied
IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The Group has applied the following exemptions:

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS, or of interests in associates and joint ventures that occurred before 1 January 2014. Use of this exemption means that the Danish GAAP carrying amounts of assets and liabilities, which are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position.

IFRS 1 also requires that the Danish GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2014.

The Group has not applied IAS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at 1 January 2014.

The estimates at 1 January 2014 and at 31 December 2014 are consistent with those made for the same dates in accordance with Danish GAAP (after adjustments to reflect any differences in accounting policies).
The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2014, the date of transition to IFRS and as of 31 December 2014.

Borrowing costs
The Group has applied the transitional provisions in IAS 23 Borrowing Costs and capitalises borrowing costs on assets where construction was commenced on or after the date of transition, being 1 January 2014.

Decommissioning liabilities included in the cost of property, plant and equipment.
Under IAS 16 the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

IFRS 1 provides an exemption for changes that occurred before the date of transition to IFRS and prescribes an alternative treatment if the exemption is used.

A decommissioning liability is measured in accordance with IAS 37 at the date of transiton to IFRS, and an estimate of the amount to include in the cost of the asset when the liability first arose is made at the date of transition to IFRS.

IAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. Also according to IAS 16 the cost of major inspections is capitalised and depreciated separately over the period to the next major inspection.
At the date of the transition to IFRS we have made calculations and studies showing that the difference between the value of the power generating assets according to local DK GAAP  and to the value calcuated using IAS 16 as above described is immaterial why no changes has been made at property, plant and equipment. On an ongoing basis we will follow IAS 16 and capitalise significant component part of an item of property, plant and equipment if material to the business.

**4.9 IFRS 1 tables**

The below tables shows the results of the transition from DK GAAP to IFRS as from the adoption date January 1st 2014.

The DK GAAP results for the Group can be found in the Annual Report for 2014 and 2013, and the reclassification and conversions made to these numbers are shown in the next column. For Q1 2014 there are no results published, so the below numbers are official for the first time in this quarterly interim report. The need for publication of quarterly results for the European Energy Group came as a result of the Groups issue of the EUR 45m bond loan.

For all reclassifications and conversions from DK GAAP to IFRS we have in the templates added litra starting from a) and upwards. Below the templates the specification of all changes are described.

**Group reconciliation of equity at 1 January 2014 (Date of transition to IFRS):**
**(Unaudited)**

| EUR'000 | Danish GAAP 01.01.2014 | Effect of transition to IFRS 01.01.2014 | | IFRS at 01.01 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Goodwill | 238 | 0 | | 238 |
| Other intangible assets (project portfolio) | 11.955 | -11.955 | a) | 0 |
| Property, Plant and equipment | 50.170 | 2.880 | b) | 53.050 |
| Equity accounted investments | 13.492 | 200 | b) c)k) | 13.692 |
| Other investments | 4.449 | -1.186 | c) | 3.263 |
| Loans to related parties | 13.911 | 722 | d) | 14.633 |
| Trade receivable from related parties | 0 | 0 | | 0 |
| Trade receivables | 13.515 | 0 | | 13.515 |
| Other receivables | 9.217 | -722 | d) | 8.495 |
| Deferred tax assets | 0 | 5.294 | e) | 5.294 |
| **Total non-current assets** | 116.947 | -4.767 | | 112.180 |
| **Current assets** | | | | |
| Inventories | 0 | 11.955 | a) | 11.955 |
| Trade receivables | 17.442 | 53 | b) | 17.495 |
| Deferred tax asset | 5.294 | -5.294 | e) | 0 |
| Other receivables | 2.853 | 6 | b) | 2.859 |
| Prepayments | 205 | 4 | b) | 209 |
| Cash and cash equivalents | 5.110 | 166 | b) | 5.276 |
| **Total current assets** | 30.904 | 6.890 | | 37.794 |
| **TOTAL ASSETS** | 147.851 | 2.123 | | 149.974 |

| EUR'000 | Danish GAAP 01.01.2014 | Effect of transition to IFRS 01.01.2014 | | IFRS at 01.01 2014 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 1.340 | 0 | | 1.340 |
| Share premium | | 0 | | 0 |
| Reserves | | 0 | | 0 |
| Retained earnings | 51.218 | -990 | c)k) | 50.228 |
| Equity attributable to owners of the Company | 52.558 | -990 | | 51.568 |
| Non-controlling interests | 0 | 1.836 | b) f) | 1.836 |
| **Total Equity** | 52.558 | 846 | | 53.404 |
| Non-controlling interests | 1.636 | -1.636 | f) | 0 |
| Deferred tax liabilities | 932 | -932 | g) | 0 |
| **Liabilities** | | | | |
| Liabilities related to the issue of bonds | 7.600 | 0 | | 7.600 |
| Project financing | 38.101 | 2.579 | b) | 40.680 |
| Other debt regardig project portfolio | 198 | 0 | | 198 |
| Other debt to credit institutions | 605 | 0 | | 605 |
| Other debt relating to the acquisition of companies | 4.737 | 0 | | 4.737 |
| Deferred tax liabilities | 0 | 1.166 | b)c)g) | 1.166 |
| Total non-current liabilities | 51.241 | 3.745 | | 54.986 |
| | | | | |
| Credit institutions | 23.163 | 0 | | 23.163 |
| Other debt relating to the acquisition of companies | 4.268 | 0 | | 4.268 |
| Trade payables | 3.345 | 32 | b) | 3.377 |
| Payables to related parties | 101 | 0 | | 101 |
| Corporation Tax | 1.718 | 0 | | 1.718 |
| Other payables | 8.889 | 68 | b) | 8.957 |
| Total current liabilities | 41.484 | 100 | | 41.584 |
| **Total liabilities** | 92.725 | 3.845 | | 96.570 |
| **TOTAL EQUITY AND LIABILITIES** | 147.851 | 2.123 | | 149.974 |

**Group reconciliation of total comprehensive income for the year ended 31 March 2014 (unaudited)**

| EUR'000 | Danish GAAP 31.03.2014 | Effect of transition to IFRS 31.03.2014 | | IFRS 31.03.2014 |
|---|---|---|---|---|
| Revenue | 1.914 | 160 | b) | 2.074 |
| Profit after tax from equity accounted investments | 0 | 526 | c)h) | 526 |
| Other income | 0 | 0 | | 0 |
| Direct costs | -1.005 | -26 | b) | -1.031 |
| Gross profit | 909 | 660 | | 1.569 |
| Staff costs | -1.034 | 90 | i) | -944 |
| Other external costs | -446 | -4 | b) | -450 |
| Depreciation & impairment | -369 | -35 | b) | -404 |
| **Operating profit** | -940 | 711 | | -229 |
| | | | | |
| Other external costs | | 0 | | |
| Profit from associates | 499 | -499 | h) | 0 |
| Finance income | 290 | 0 | | 290 |
| Finance expenses | -1.241 | 77 | b)i) | -1.164 |
| **Profit before tax** | -1.392 | 289 | | -1.103 |
| | | | | |
| Tax | 330 | -6 | b)c) | 324 |
| **Profit for the year** | -1.062 | 283 | | -779 |
| | | | | |
| **Attributable to:** | | | | |
| | | | | |
| Equity holders of the parent | -981 | 250 | b)c)i) | -731 |
| Non-controlling interests | -81 | 33 | | -48 |
| **Non-controlling interests** | -1.062 | 283 | | -779 |
| | | | | |
| **Other comprehensive income** | | | | |
| Profit for the year | -1.062 | 283 | | -779 |
| *Items that may be reclassified to profit or loss* | | | | |
| | | | | |
| Other comprehensive income of equity accounted interest net of tax | | | | - |
| Non-controlling part of other comprehensive income | | 72 | | 72 |
| Value adjustments of hedging instruments, net of tax | | 145 | | 145 |
| Exchange differences on translating foreign operations, net tax | | -40 | | -40 |
| **Other comprehensive income for the year, net of tax** | 0 | 177 | | 177 |
| **Total income** | -1.062 | 460 | | -602 |

**Group reconciliation of equity at 31 March 2014 (unaudited):**

| EUR'000 | Danish GAAP 31.03.2014 | Effect of transition to IFRS 31.03.2014 | | IFRS at 31.03 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Goodwill | 229 | 0 | | 229 |
| Other intangible assets (project portfolio) | 10.603 | -10.603 | a) | 0 |
| Property, Plant and equipment | 49.811 | 2.845 | b) | 52.656 |
| Equity accounted investments | 15.595 | 227 | b) c)k) | 15.822 |
| Other investments | 4.449 | -1.186 | c) | 3.263 |
| Loans to related parties | 16.157 | 723 | d) | 16.880 |
| Trade receivable from related parties | 0 | 0 | | 0 |
| Trade receivables | 12.461 | 0 | | 12.461 |
| Other receivables | 9.063 | -723 | d) | 8.340 |
| Deferred tax assets | 0 | 5.475 | e) | 5.475 |
| **Total non-current assets** | 118.368 | -3.242 | | 115.126 |
| **Current assets** | | | | |
| Inventories | 0 | 10.793 | a) | 10.793 |
| Trade receivables | 14.396 | 53 | b) | 14.449 |
| Deferred tax asset | 5.475 | -5.475 | e) | 0 |
| Other receivables | 2.271 | 6 | b) | 2.277 |
| Prepayments | 214 | 4 | b) | 218 |
| Cash and cash equivalents | 24.091 | 267 | b) | 24.358 |
| **Total current assets** | 46.447 | 5.648 | | 52.095 |
| **TOTAL ASSETS** | 164.815 | 2.406 | | 167.221 |

| EUR'000 | Danish GAAP 31.03.2014 | Effect of transition to IFRS 31.03.2014 | | IFRS at 31.03 2014 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | 0 |
| Share capital | 1.340 | 0 | | 1.340 |
| Share premium | | 0 | | 0 |
| Reserves | | 0 | | 0 |
| Retained earnings | 50.342 | -740 | c)k) | 49.602 |
| Equity attributable to owners of the Company | 51.682 | -740 | | 50.942 |
| Non-controlling interests | 0 | 1.860 | b) f) | 1.860 |
| **Total Equity** | 51.682 | 1.120 | | 52.802 |
| Non-controlling interests | 1.627 | -1.627 | f) | 0 |
| Deferred tax liabilities | 942 | -942 | g) | 0 |
| **Liabilities** | | | | |
| Liabilities related to the issue of bonds | 51.719 | 0 | | 51.719 |
| Project financing | 35.862 | 2.579 | b) | 38.441 |
| Other debt regardig project portfolio | 198 | 0 | | 198 |
| Other debt to credit institutions | 21 | 0 | | 21 |
| Other debt relating to the acquisition of companies | 4.420 | 0 | | 4.420 |
| Deferred tax liabilities | 0 | 1.176 | b)c)g) | 1.176 |
| Total non-current liabilities | 92.220 | 3.755 | | 95.975 |
| Credit institutions | 2.187 | 0 | | 2.187 |
| Other debt relating to the acquisition of companies | 3.633 | 0 | | 3.633 |
| Trade payables | 2.867 | 32 | b) | 2.899 |
| Payables to related parties | 170 | 0 | | 170 |
| Corporation Tax | 1.683 | 0 | | 1.683 |
| Other payables | 7.804 | 68 | b) | 7.872 |
| Total current liabilities | 18.344 | 100 | | 18.444 |
| **Total liabilities** | 110.564 | 3.855 | | 114.419 |
| **TOTAL EQUITY AND LIABILITIES** | 164.815 | 2.406 | | 167.221 |

## Consolidated statement of cash flows

For the period ended 31 March 2014 (unaudited)

| EUR'000 | Danish GAAP 31.03.2014 | Effect of transition to IFRS 31.03.2014 | | IFRS at 31.03 2014 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit/loss before tax | -1.392 | 289 | b)c)i) | -1.103 |
| | | | | |
| Adjustments for: | | | | |
| Financial income | -290 | 0 | | -290 |
| Financial Expenses | 1.241 | -77 | b)i) | 1.164 |
| Depreciations | 757 | 35 | b) | 792 |
| Other non-cash movements | -499 | -27 | b)c) | -526 |
| Change in networking capital | 2.209 | 1.335 | | 3.544 |
| Other non-cash items [analyse if material] | 0 | -1.778 | | -1.778 |
| | 2.026 | -223 | | 1.803 |
| Dividends received | | | | 0 |
| Taxes paid | 0 | -6 | b) | -6 |
| Interest paid | -1.139 | 77 | b) i) | -1.062 |
| Interest received | 290 | 0 | | 290 |
| **Cash flow from operating activities** | 1.177 | -152 | | 1.025 |
| | | | | |
| **Cash flow from investing activities** | | | | |
| Purchase of intangible assets and property, plants and equipment | -489 | 253 | j) | -236 |
| Proceeds from sale of intangible assets and property, plants and equipment | 0 | 0 | | 0 |
| Purchase of other investments | 0 | 0 | | 0 |
| [Proceeds from disposal of subsidiaries, equity accounted investments | 0 | 0 | | 0 |
| Proceeds from sale of other investments | 172 | 0 | | 172 |
| [Investment in equity accounted investments] | -2.236 | 0 | | -2.236 |
| Dividends | 0 | 0 | | 0 |
| **Net cash flow from investing activities** | -2.553 | 253 | | -2.300 |
| | | | | |
| **Cash flow from financing activities** | | | | |
| Proceeds from issue of bonds | 45.000 | 0 | | 45.000 |
| Transaction costs regarding bond issue | -900 | 0 | | -900 |
| Proceeds from borrowings | | | | |
| Repayment of borrowings | -23.800 | 0 | | -23.800 |
| Changes in payables to associates | 57 | 0 | | 57 |
| Non controlling interests share of capital increase in subsidiary | 0 | 0 | | 0 |
| Other Transactions with owners | 0 | 0 | | 0 |
| **Cash flow from financing activities** | 20.357 | 0 | | 20.357 |
| | | | | |
| **Change in cash and cash equivalents** | 18.981 | 101 | | 19.082 |
| | | | | |
| Cash and cash equivalents at 1 January | 5.110 | 166 | b) | 5.276 |
| | | | | |
| **Cash and cash equivalents end of period** | 24.091 | 267 | | 24.358 |
| | | | | |
| Of which restricted cash and cash equivalents | 0 | 0 | | 0 |
| **Non-restricted cash and cash equivalents end of period** | 24.091 | 267 | | 24.358 |

**Group reconciliation of total comprehensive income for the year ended 31 December 2014 (unaudited)**

| EUR'000 | Danish GAAP 31.12.2014 | Effect of transition to IFRS | | IFRS at 31.12.2014 |
|---|---|---|---|---|
| Revenue | 60.156 | 410 | b) | 60.566 |
| Profit after tax from equity accounted investments | 0 | 473 | c)h)k) | 473 |
| Other income | 0 | 0 | | - |
| Direct costs | -44.114 | -817 | b) | -44.931 |
| Gross profit | 16.042 | -344 | | 16.108 |
| Staff costs | -3.831 | 360 | i) | -3.471 |
| Other external costs | -1.919 | -23 | b) | -1.942 |
| Depreciation & impairment | -1.458 | -140 | b) | -1.598 |
| **Operating profit** | 8.834 | -147 | | 9.097 |
| | | | | |
| Other external costs | | 0 | | |
| Profit from associates | 494 | -494 | h) | - |
| Finance income | 1.024 | 0 | | 1.024 |
| Finance expenses | -6.220 | 297 | b)i) | -5.923 |
| **Profit before tax** | 4.132 | -344 | | 4.198 |
| | | | | |
| Tax | -458 | -10 | b)c) | -468 |
| **Profit for the year** | 3.674 | -354 | | 3.730 |
| | | | | |
| **Attributable to:** | | | | |
| | | | | |
| Equity holders of the parent | 3.536 | 32 | b)c)i)k) | 3.568 |
| Non-controlling interests | 138 | 24 | b) | 162 |
| **Non-controlling interests** | 3.674 | 56 | | 3.730 |
| | | | | |
| **Other comprehensive income** | | | | |
| Profit for the year | 3.674 | 56 | | 3.730 |
| *Items that may be reclassified to profit or loss* | | | | |
| | | | | |
| Other comprehensive income of equity accounted interest net of tax | | 1 | | 1 |
| Non-controlling part of other comprehensive income | | 0 | | - |
| Value adjustments of hedging instruments, net of tax | | -263 | | -263 |
| Exchange differences on translating foreign operations, net tax | | 44 | | 44 |
| **Other comprehensive income for the year, net of tax** | 0 | -218 | | -218 |
| **Total income** | 3.674 | -162 | | 3.512 |

**Group reconciliation of equity at 31 December 2014 (unaudited):**

| EUR'000 | Danish GAAP 31.12.2014 | Effect of transition to IFRS 31.12.2014 | | IFRS at 31.12 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Goodwill | 199 | 0 | | 199 |
| Other intangible assets | 12.557 | -12.557 | a) | 0 |
| Property, Plant and equipment | 48.700 | 2.740 | b) | 51.440 |
| Equity accounted investments | 16.388 | -289 | b) c)k) | 16.099 |
| Other investments | 3.551 | 0 | c) | 3.551 |
| Loans to related parties | 15.598 | 724 | d) | 16.322 |
| Trade receivable from related parties | 0 | 0 | | 0 |
| Trade receivables | 6.689 | 0 | | 6.689 |
| Other receivables | 9.117 | -723 | d) | 8.394 |
| Deferred tax assets | 0 | 5.507 | e) | 5.507 |
| **Total non-current assets** | 112.799 | -4.598 | | 108.201 |
| **Current assets** | | | | |
| Inventories | 0 | 12.585 | a) | 12.585 |
| Trade receivables | 63.531 | 65 | b) | 63.596 |
| Deferred tax asset | 5.507 | -5.507 | e) | 0 |
| Other receivables | 3.452 | 0 | | 3.452 |
| Prepayments | 636 | 4 | b) | 640 |
| Cash and cash equivalents | 13.157 | 171 | b) | 13.328 |
| **Total current assets** | 86.283 | 7.318 | | 93.601 |
| **TOTAL ASSETS** | 199.082 | 2.720 | | 201.802 |

| EUR'000 | Danish GAAP 31.12.2014 | Effect of transition to IFRS 31.12.2014 | | IFRS at 31.12 2014 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 1.340 | 0 | | 1.340 |
| Share premium | | 0 | | 0 |
| Reserves | | 0 | | 0 |
| Retained earnings | 53.588 | -37 | c)k) | 53.551 |
| Equity attributable to owners of the Company | 54.928 | -37 | | 54.891 |
| Non-controlling interests | 0 | 2.546 | b) f) | 2.546 |
| **Total Equity** | 54.928 | 2.509 | | 57.437 |
| Non-controlling interests | 2.322 | -2.322 | f) | 0 |
| Deferred tax liabilities | 1.094 | -1.094 | g) | 0 |
| **Liabilities** | | | | |
| Liabilities related to the issue of bonds | 51.750 | 0 | | 51.750 |
| Project financing | 32.567 | 2.381 | b) | 34.948 |
| Other debt regardig project portfolio | 0 | 0 | | 0 |
| Other debt to credit institutions | 0 | 0 | | 0 |
| Other debt relating to the acquisition of companies | 1.991 | 0 | | 1.991 |
| Deferred tax liabilities | 0 | 1.134 | b)c)g) | 1.134 |
| Total non-current liabilities | 86.308 | 3.515 | | 89.823 |
| Credit institutions | 3.898 | 0 | | 3.898 |
| Other debt relating to the acquisition of companies | 5.534 | 0 | | 5.534 |
| Trade payables | 34.749 | 36 | b) | 34.785 |
| Payables to related parties | 57 | 0 | | 57 |
| Corporation Tax | 1.551 | 0 | | 1.551 |
| Other payables | 8.641 | 76 | b) | 8.717 |
| Total current liabilities | 54.430 | 112 | | 54.542 |
| **Total liabilities** | 140.738 | 3.627 | | 144.365 |
| **TOTAL EQUITY AND LIABILITIES** | 199.082 | 2.720 | | 201.802 |

## Consolidated statement of cash flows

For the year ended 31 December 2014 (unaudited)

| EUR'000 | Danish GAAP 31.12.2014 | Effect of transition to IFRS 31.12.2014 | | IFRS at 31.12 2014 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit/loss before tax | 4.132 | 62 | b)c)i) | 4.194 |
| | | | | |
| Adjustments for: | | | | |
| Financial income | -1.024 | 0 | | -1.024 |
| Financial Expenses | 6.220 | -297 | b)i) | 5.923 |
| Depreciations | 1.791 | 140 | b)i) | 1.931 |
| Other non-cash movements | -494 | 25 | c) j) | -469 |
| Change in networking capital | -10.834 | -350 | | -11.184 |
| Other non-cash items [analyse if material] | 0 | -1.289 | | -1.289 |
| | -209 | -1.709 | | -1.918 |
| Dividends received | | | | |
| Taxes paid | -806 | 0 | | -806 |
| Interest paid | -5.679 | 297 | b) i) | -5.382 |
| Interest received | 1.024 | 0 | | 1.024 |
| **Cash flow from operating activities** | -5.670 | -1.412 | | -7.082 |
| | | | | |
| **Cash flow from investing activities** | | | | |
| Purchase of intangible assets and property, plants and equipment | -15.307 | 13.414 | j) | -1.893 |
| Proceeds from sale of intangible assets and property, plants and equipment | 0 | 0 | | 0 |
| Purchase of other investments | -919 | 0 | | -919 |
| [Proceeds from disposal of subsidiaries, equity accounted investments | 12.760 | -11.797 | j) | 963 |
| [Investment in equity accounted investments] | -1.687 | -2 | | -1.689 |
| Dividends | 0 | 0 | | 0 |
| **Net cash flow from investing activities** | -5.153 | 1.615 | | -3.538 |
| | | | | |
| **Cash flow from financing activities** | | | | |
| Proceeds from issue of bonds | 43.929 | 1.071 | d) | 45.000 |
| Transaction costs regarding bond issue | 0 | -1.071 | d) | -1.071 |
| Proceeds from borrowings | 567 | 0 | | 567 |
| Repayment of borrowings | -25.971 | -198 | c) | -26.169 |
| Changes in payables to associates | -44 | 0 | | -44 |
| Non controlling interests share of capital increase in subsidiary | 389 | 0 | | 389 |
| Other Transactions with owners | 0 | 0 | | 0 |
| **Cash flow from financing activities** | 18.870 | -198 | | 18.672 |
| | | | | |
| **Change in cash and cash equivalents** | 8.047 | 5 | | 8.052 |
| | | | | |
| Cash and cash equivalents at 1 January | 5.110 | 166 | b) | 5.276 |
| | | | | |
| **Cash and cash equivalents at 31 December** | 13.157 | 171 | | 13.328 |
| | | | | 0 |
| Of which restricted cash and cash equivalents | | | | 0 |
| **Non-restricted cash and cash equivalents at 31 December** | 13.157 | 171 | | 13.328 |
| | | | | |
| **Cash and cash equivalents** | | | | |
| Cash and bank balances | 13.157 | 171 | | 13.328 |
| Overdrafts | | | | |
| Cash and cash equivalents at 31 December | 13.157 | 171 | | 13.328 |

Specification to IFRS 1 tables:

a)

The cost for development activities for the Group for project in construction, or still under development was under DK GAAP recognized as immaterial assets and has now under IFRS been classified as inventories under current assets.

b)

The German wind park Sieben Null GmbH & Co. KG was as per the adoption day of IFRS January 1st 2014 classified as a subsidiary according to the principles of IFRS 10 (control).

The IFRS results for the Group for 2014 includes then all balances for Sieben Null.

The schedule below includes all the changes made due to this.

| Sieben Null<br>EUR'000 | Q1 2014 | 2014 | 1. jan 2014 |
|---|---|---|---|
| **PL** | | | |
| Profit/loss before tax | 160 | 410 | |
| Equity accounted investments | -33 | -25 | |
| Direct costs | -26 | -87 | |
| Other external costs | -4 | -23 | |
| Depreciation & impairment | -35 | -140 | |
| Finance expenses | -23 | -101 | |
| Tax | -6 | -10 | |
| **Assets/Liabilities** | | | |
| Property, Plant and equipment | 2.845 | 2.740 | 2.880 |
| Equity accounted investments | -233 | -224 | -200 |
| Trade receivable from related parties | | 1 | |
| Trade receivables | 53 | 65 | 53 |
| Other receivables | 6 | 0 | 6 |
| Prepayments | 0 | 4 | 4 |
| Cash and cash equivalents | 0 | | 166 |
| Non-controlling interests | 233 | 224 | 200 |
| Project financing | 2.579 | 2.381 | 2.579 |
| Deferred tax liabilities | 30 | 40 | 30 |
| Trade payables | 32 | 36 | 32 |
| Other payables | 68 | 76 | 68 |
| | | | |
| **Cash Flow** | | | |
| Profit/loss before tax | 39 | 34 | |
| Financial Expenses | 23 | 101 | |
| Depreciations | 35 | 140 | |
| Other non-cash movements | 33 | | |
| Change in networking capital | | 6 | |
| Taxes paid | -6 | | |
| Interest paid | -23 | -101 | |

The impact on the balance for the Group as per the adoption day was an increase in the balance with EUR 2.909t. Since the Total Equity of the Group in IFRS includes the non-controlling interests, the total equity increases as per adoption day with 50 % of the net equity of the Sieben Null, equal to EUR 200t .

The 2014 Q1 and 2014 results for the total Group remains the same, but the split on Group and non-controllling interests has been changed given EUR 24t more to non-controlling interests.

c)

The windpark Wriezener Höhe GmbH & Co. KG in Germany was until Q4 in 2014 under DK GAAP recognized as an other investment since the EE-Group only had a 15% ownership in the park.

This was changed as a result of the group looking through all companies to determine whether the company was a subsidiary, associate or Joint Venture. This company is material for the Group due to the size and since the operation of the park is the groups responsibility and the group will have the possibility to affect the results of this park by good or bad management, the recognition of the results of the park should be done on an equity basis, also after DK GAAP principles.

This also is the case with IFRS.

But at the day of adoption of IFRS January 1st 2014 the company was recognized as an other investment, why changes has been made to 2014 beginning balance and to Q1 2014.

It is then important to notice that this correction is not an IFRS correction, but an error correction to the local GAAP quarterly reports.

The corrections are:

| Wriezener Höhe<br>EUR'000 | **Q1 2014** | **2014** | **1. jan 2014** |
|---|---|---|---|
| **PL** | | | |
| Profit after tax from equity accounted i | 60 | | |
| Tax | 0 | | |
| **Assets/Liabilities** | | | |
| Equity accounted investments | 529 | | 469 |
| Other investments | -1.186 | | -1.186 |
| Retained earnings | -861 | | -921 |
| Deferred tax liabilities | 204 | | 204 |
| **Cash Flow** | | | |
| Profit/loss before tax | 60 | | |
| Other non-cash movements | -60 | | |

d)

As a consequence of the reclassification made in 3) the shareholder loans to Wriezener Höhe EUR 723t has been reclassified from other receivables to Loans to related parties

e)

Deferred Tax Assets has been reclassified from current to non-current assets f)

Non Controlling interests has been reclassified so that it is now a part of the total equity.

g)

Deferred Tax Liabilities has been reclassified so that it is now a part of non-current Liabilities

h)

The Profit from associates under financial income, has been reclassified to profit after tax from equity accounted investments in the income section.

i)

Development costs are capitalized in accordance with the accounting policy. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The interests added from investing in inventories, and direct labor used to develop the projects has been capitalized on inventories. For sold projects the capitalized costs is then recognized in the direct cost. For the local GAAP report the direct labor and interests on capital spend has not been added to the development costs so remeassurements has been made.

For 2014 the total effect on retained earnings is an addition of EUR 28t, and a reclassification in the PL between Direct Costs with EUR -730t and Staff Costs with EUR 360t and Finance Expenses with 398t.

j)

In the cash flow statement the purchase of project portfolio has been reclassified from Purchase of intangible assets to change in networking capital, with specification in disclosure note 2.9 . The part of cash flow used during the year which has been sold has been offset against proceeds from disposal of subsidiaries and equity accounted investments.

k)

In the 4 Bulgarian associates which together is known as the Krupen wind park the co-owner of the park, an Italian utility company, has a call-option for a small part of the shares in the companies.

The management has evaluated the risk on this option and has decreased the value of the Groups shares in these companies with a total of EUR 69t at the adoption date January 1st 2014.

During 2014 the park has delivered a negative result, so the option was valued to EUR 65t end of 2014.

**Statement by the Board of Directors and the Management**

The Board of Directors and the Management have considered and adopted the Interim Report of European Energy A/S for the period 1 January - 31 March 2015. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting and IFRS 1. The accounting policies applied in the Interim Report are changed from those applied in the Group's Annual Report 2014.

We consider the accounting policies appropriate, the accounting estimates reasonable and the overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of the Group's financial position, results of operations and cash flows for the period.

In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing the Group.

The Interim Report has not been audited or reviewed by the auditors.

Søborg, 29 May 2015

**Management Statement**

| | |
|---|---|
| Knud Erik Andersen<br>CEO | Jonny Jonasson<br>CFO |

**Board of Directors:**

| | | |
|---|---|---|
| Jens-Peter Zink<br>Chairman | Knud Erik Andersen<br>CEO | Mikael Dystrup Pedersen<br>CTO |